

To: Honorable Mayor and Members of the Village Council

From: Jacqueline R. Menendez, Village Manager

Subject: Adopted Fiscal Year 2003 General Fund Budget in Brief

Date: December 2, 2002

As the newly appointed Village Manager, I want to thank you for giving me the opportunity to work with each of you individually on the budget and collectively as the governing body of this Village during the Budget Workshop held earlier this summer. I know we share a mutual goal to provide quality public service for Key Biscayne, while upholding fiscal responsibility. As you know, two Budget Hearings were held during the month of September, where by further discussion and public participation, we fine tuned the budget even further.

At this time, I am pleased to present the Adopted Fiscal Year 2003 General Fund Budget in Brief for the Village of Key Biscayne. This represents a brief overview of the adopted total operating budget of \$12,561,488, an increase of \$1,138,950 or 10.0% over Fiscal Year 2002. Overall increases in the Village Budget can be attributed to an increase in personnel expenses which include a 2% increase for the Cost of Living Allowance (COLA), an increase in insurance expense, an increase of \$155,000 to the Village Attorney's budget for legal fees, and additional maintenance and repairs expenses associated with the two new Civic Center buildings scheduled for occupancy in September and October 2002. Along with the above mentioned increases, the 19.8% increase in the Debt Service budget is reserved for the third Civic Center loan, which the Village will begin making interest payments on in June 2003 as well as the Citgo Property acquisition.

The estimated property assessment for Fiscal Year 2003 is \$3.2 billion, representing an increase from last year of 19.3%. I propose to maintain the level of service, while slightly reducing the workforce, but at the same time increasing our reserves. Recognizing the necessity to increase our \$2,000,000 Emergency Fund as highlighted in the 2002 Village Council Goals and Objectives. Therefore, I propose to bolster the Emergency Fund by 20%

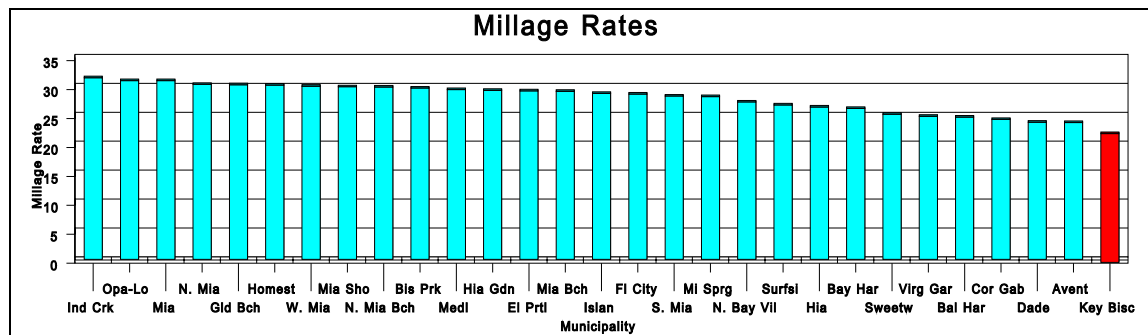
BUDGET IN BRIEF

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or \$400,000 for Fiscal Year 2003, with a clear understanding that we must explore other ways to set aside funds every year to increase the Village's Emergency Fund.

Adopted Millage

The Village of Key Biscayne continues to hold the distinction of having the lowest millage rate of any municipality in Miami-Dade County. While, other cities are considering possible increases to their millage rates, the Village has held the line at 3.606, including fire and rescue service, since 1997.



REVIEW OF REVENUES

General fund revenues are expected to total \$16,401,073 which represents a \$2,478,533 or 15.1 increase over the previous year's budget of \$13,922,540. Ad Valorem taxes account for almost 68% of the revenues.

Below is a breakdown of the General Fund Revenues.

General Fund Revenues	Adopted Fiscal Year 2002 Budget	Adopted Fiscal Year 2003 Budget	Difference	Percent Changed
Ad-valorem	\$9,358,443	\$11,167,508	1,809,065	16.2%
Franchise Fees	650,000	690,000	40,000	5.8%
Utility Taxes	1,955,000	2,255,000	300,000	13.3%
Licenses & Permits	640,947	954,185	313,238	32.8%
State Shared Revenues	964,900	964,900	0	0.0%
Charges for Services	103,000	107,460	4,460	4.2%
Interest	200,000	133,720	<66,280>	-49.6%
Grants & Donations	50,250	128,300	78,050	60.8%
Total Revenues	\$13,922,540	\$16,401,073	\$2,478,533	15.1%

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REVIEW OF EXPENDITURES

Total fund expenditures for the 2003 fiscal year are estimated at \$12,517,754 an increase of \$1,090,716 or 8.7% over the 2002 budget. The majority of the increase is associated with personnel services category which represents the salaries and wages paid to Key Biscayne employees; debt service payments have increased because of additional borrowing, maintenance costs for the Civic Center. Implementation of GASB #34 mandates inclusion of items previously categorized as non-departmental into the various departments related to each item. Below is a breakdown of the Adopted FY 2003 General Fund Expenditures as compared to the FY 2002 Budget.

General Fund Expenditures	Adopted Fiscal Year 2002 Budget	Adopted Fiscal Year 2003 Budget	Difference ±	Percent Changed %
Village Council	\$36,254	\$321,306	\$285,052	88.7%
Administration	608,893	964,751	355,858	36.9%
Village Clerk	223,123	305,643	82,520	27.0%
Village Attorney	253,000	333,000	80,000	24.0%
Non-Departmental	891,735	0	<891,735>	-100.0%
Building, Zoning & Planning	1,368,367	1,250,330	<118,037>	-9.4%
Police	3,345,765	3,645,134	299,369	8.2%
Fire Rescue	3,412,096	4,051,685	639,589	15.8%
Public Works	772,631	913,301	140,670	15.4%
Recreation	515,174	732,604	217,430	29.7%
Capital Outlay	0	0	0	0.0%
Total Expenditures	\$11,427,038	\$12,517,754	\$1,090,716	8.7%

DEPARTMENTAL HIGHLIGHTS

Building Zoning & Planning:

FY03 Revenue and Expenditure Projections: The FY03 budget includes the elimination of four (4) part time positions and one (1) full time position. These reductions will result in a savings of \$104,927. The Grand Bay project was completed in the spring of 2002 and the Ocean Club in the fall 2002. New owners in the Grand Bay Residences and Ocean Club are expected to continue the practice of renovating their units; however, the number of total building permits and inspections is projected to decline.

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Revenue/Expenditure	Total
Projected Revenues	\$982,885
Prior year (pre FY00) reserves (\$275,000 available, Dept. needs 3 months funding)	\$68,750
	\$1,051,635
Projected Expenditures	\$1,256,423
Net (General Fund Subsidy)	(\$204,788)

\$275,000 Set aside for the Department: Prior to FY00, the Village set aside \$275,000 for purposes of providing a source of funding to offset costs associated with inspections in a fiscal year when the revenue was collected in a previous fiscal year. It was expected these funds would be used in FY03 primarily for the Ocean Club and Grand Bay. The Grand Bay project was completed in the spring of 2002. The Ocean Club will be completed in the fall of 2002. As such, the Department projects that \$68,750 of the \$275,000 should be set aside for this purpose. The balance of \$206,250 can be used by the Village for other purposes.

Comparison of BZP Revenues and Expenditure from FY00 to FY02: Over the past three years, the Department's expenditures and revenues have been approximately equivalent.

	ACTUAL FY 2000	ACTUAL FY 2001	PROJECTED FY2002	NET FY 00-02
Revenue	\$1,359,272	\$1,365,560	\$982,319	\$3,707,151
Expenditures	\$1,233,476	\$1,237,837	\$1,253,582	\$3,724,895
Net	\$125,796	\$127,723	(\$271,263)	(\$17,744)

Building Fees: Building fees have not been increased since January 2000 even though there have been step and cost of living increases for staff. The projected revenue anticipates that the Council will increase building permit fees for new construction and substantial renovation work. There is no increase in the base permit fee (\$100.00) for electrical, plumbing, or mechanical or the \$50.00 fee for minor work.

Police Department: During Fiscal Year 2003, the Department will continue to operate as a community-oriented police agency with the philosophy that the community and police should be interrelated and work together to resolve problems that negatively affect the community. Children represent approximately 26% of our community. Their protection and safety are a major concern and we are always looking for new programs and innovative

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ways to provide protection. At the other end of the scale, senior citizens living in the Village represent 27% of the Island's population. The department has planned a program to educate the seniors about bank fraud, telemarketing fraud and other fraudulent activities. A special Home/Business Security workshop will be hosted by the department that will be open to all residents of the Village. As the rest of the Village, the department plans to update and improve its website. The department will provide vital information to residents regarding crime information, drugs and preventive measures as well as providing hyperlinks to other law enforcement websites. A grant in the amount of \$17,874 has been applied for that will afford the department the opportunity to provide Mobile Data Terminals (MDTs) to the officers in the field. This method of information retrieval is superior to having to use the police radio and waiting in line for a computer response. Having information on wanted persons, stolen vehicles and equipment in a matter of seconds, in the field, will provide the officer with a greater measure of safety, as well as making encounter with the police much quicker and more convenient for residents and other motorists. The department plans to continue the Citizen's Police Academy which gives citizens the opportunity to learn more about the department, the laws that govern, and proven crime prevention techniques. For fiscal year 2003, we are requesting no additions to our Table of Organization.

Fire Rescue Department: During the fiscal year, the Fire Rescue Department is requesting an additional position to its Table of Organization. This position will be a staff position (forty (40) hour work week) with responsibilities to include fire prevention and inspections, as well as fire safety and public education. Salary range for this position is between \$43,000 and \$48,000 depending on qualifications. The Department is also requesting up to \$25,000 to hire a consultant or firm to audit, assess, review and make recommendations as to the cost effectiveness ratio of the department. The report can be used for a number of upcoming issues facing the Department. Lastly, the department is requesting that Capital Items Fire Apparatus Replacement and Fire Equipment Replacement be funded with appropriate, and ongoing, annual monies to be used as Council approves replacement of fire trucks and equipment.

Public Works Department: Fiscal year 2003 brings new challenges to the Public Works Department with the opening of the Ocean Front Park, new ball fields, completion of the beach renourishment project and planting of the beach dunes. Two new positions and an enhanced web site will be added to the department in order to increase the quality of service for all residents. The Public Works Department will continue to strive to meet the needs and requests of residents concerning landscaping, Village public right of way, storm water maintenance, refuse collection, sidewalks, beach

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maintenance and street cleaning. The Public Works Department will continue its role as liaison to FPL, Miami-Dade Water and Sewer Department, Miami-Dade County Public Works Department, Adelphia Cable and Bell South. The Department will also be bringing new innovative plans such as an adopt-a-dune program for the condominium residents and organizations that will maintain the newly planted beach dunes.

Recreation Department: The Recreation Department provides prompt, efficient, and courteous service to our customers by providing quality recreational programs and well-maintained facilities. The department provides a wide variety of services, classes, special events, and activities to the residents of Key Biscayne. In Fiscal Year 2003 the department proposes to expand services and programs. The Coordinator of Senior Services will expand services available to senior residents including a six (6) month trial transportation program. Youth programs, such as the new golf program, will be implemented to meet the expanding needs of the Village's youth. The department will continue to successfully identify alternative sources of funding such as grants, sponsorships, and donations. This will be accomplished while maintaining a small and efficient department.

Office of the Village Manager: I have placed special emphasis on the need to communicate and disseminate accurate and timely information to our residents. I have worked, and continue to work with staff on utilizing all available resources at our disposal to inform the public. With that said, there is still much work to be done in this area. The gavel-to-gavel broadcast of Village Council meetings will be improved when we hold our first meeting in the new Council Chambers. We will utilize a combination of existing and some new camera equipment to improve the quality of our coverage. Also, we are currently working on completely revamping the Village website to provide more valuable information and handle quick responses to requests for services. All part of a well thought out plan to meet the needs of the Village residents.

In the area of compensation and benefits of Village employees, we have compiled information on neighboring municipalities and how we compare and compete in attracting qualified candidates. A comparison of neighboring municipalities concluded that a 2% COLA is a conservative increase. Unlike other government entities, the Village currently works under a 10-step pay plan for all its employees. A two-tier system, that combines steps with ranges, depending on the job classification, is something that needs to be explored further.

CITY	COLA
City of Aventura	3.5%
Bal Harbour	2%
Key Biscayne	2%
Miami	3.6%
Miami Beach	2.5%
Miami-Dade	3%
Pinecrest	3%
South Miami	3.5%

Also, the Village currently does not have a designated pension plan for its employees. This actually works against us when recruiting qualified candidates that are looking for a long-term commitment. I respectfully request support from the Council as we seek to find a compensation and benefits package that is tailor-made to suit the needs of our unique workforce.

In working with staff on the budget process, I have integrated the Goals and Objectives as set by the Village Council in formulating the proposed Budget for Fiscal Year 2003. This is commonly referred to in government as strategic planning and budgeting. In the following months, I will develop a formalized process for strategic management, that will set specific benchmarks and goals to be met in the future, that strongly recognizes and addresses unmet needs while formulating the Budget.